

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6199

BILL NUMBER: HB 1017

NOTE PREPARED: Nov 20, 2009

BILL AMENDED:

SUBJECT: Small School Performance Grant.

FIRST AUTHOR: Rep. Truitt

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a Small School Performance Grant to a public school, other than a charter school, that has an enrollment of less than 2,000. It specifies that the grant is based on the percentage of students who received ISTEP program test scores that exceeded the passing score established by the State Board of Education. The bill also defines Small School Grant and Small School Performance Grant.

Effective Date: January 1, 2011.

Explanation of State Expenditures: The bill would create the Small School Performance Grant (SSPG) as a part of the school tuition support formula. To qualify, a noncharter school would have to have an ADM of less than 2,000 students and have at least 70% of their students receive passing scores on ISTEP tests. A qualified school would receive \$43 per student for each 1% that their passing rate exceeds 70%. A school with a 75% passing rate and 1,000 students would receive \$215,000 [as determined by $(0.75 - 0.70) * 100 * 1,000 \text{ students} * \43].

The SSPG is projected to distribute about \$9.1 M to 33 school corporations. The state impact would depend on whether the addition of the grant caused the tuition support for CY 2011 to exceed the calendar year cap of \$6,568.5 M in current law and would fall within one of the three following scenarios:

1. If the tuition support distribution for CY 2011 without the SSPG is at least \$9.1M under the CY 2011 cap, the bill would reduce possible state general fund reversions by \$9.1 M. The bill would then increase local school revenue by about \$9.1 M.

2. If the tuition support distribution for CY 2011 without the SSPG is less than \$9.1M under the CY 2011 cap, the bill would reduce possible state general fund reversions and shift funds from schools not eligible for the SSPG to schools that are eligible. The reduction in reversions would be the difference between the tuition support distribution without the SSPG and the CY cap. The shift would be about \$9.1 M minus the state reduction in reversions. For example, if the tuition support distribution without SSPG is \$6,564.5, or about \$4 M under the CY 2011 cap, then state reversions would reduce by \$4 M and there would be about a \$5.1 M shift between schools.

3. If the CY 2011 tuition support distribution were already at the calendar year cap and the addition of the SSPG caused the tuition support distribution to exceed the calendar year cap, then there would be a shift of about \$9.1 M from schools not eligible for the SSPG to schools that are eligible. The bill would then not have any state fiscal impact.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures*.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local schools.

Information Sources: Department of Education database.

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